Deutsche Bank Conference

CHUGAI PHARMACEUTICAL CO., LTD.
Executive Vice President and CFO
Ryuzo Kodama

September 29, 2010
Forward-Looking Statements

This presentation may include forward-looking statements pertaining to the business and prospects of Chugai Pharmaceutical Co., Ltd. (the “Company”). These statements reflect the Company’s current analysis of existing information and trends. Actual results may differ from expectations based on risks and uncertainties that may affect the Company’s businesses.
Revenues and Operating Income

Revenues: 1.8 times  OP: 2.7 times

FY 2009
Revenues: JPY 428.9 billion
OP: JPY 82.6 billion
OP margin: 19.3%

FY 2002
Revenues: JPY 237.4 billion
OP: JPY 30.3 billion
OP margin: 12.8%

* NHI drug price revision

## Structure of Domestic Sales (excl. Tamiflu)

<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>2006</th>
<th>2007</th>
<th>2008</th>
<th>2009</th>
<th>2010 Forecast</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Sales</td>
<td>259.8</td>
<td>263.1</td>
<td>279.9</td>
<td>309.3</td>
<td>334.6</td>
</tr>
<tr>
<td>Others</td>
<td>28.1%</td>
<td>27.7%</td>
<td>-9.1%</td>
<td>23.7%</td>
<td>21.7%</td>
</tr>
<tr>
<td>Bone and Joint</td>
<td>16.2%</td>
<td>17.7%</td>
<td>7.3%</td>
<td>17.9%</td>
<td>18.6%</td>
</tr>
<tr>
<td>Renal</td>
<td>29.6%</td>
<td>26.5%</td>
<td>-11.9%</td>
<td>21.9%</td>
<td>19.7%</td>
</tr>
<tr>
<td>Oncology</td>
<td>26.1%</td>
<td>28.1%</td>
<td>38.2%</td>
<td>36.5%</td>
<td>40.0%</td>
</tr>
</tbody>
</table>
Domestic Sales in Strategic Areas

**Oncology**
Avastin and Xeloda: >50% increase driving overall growth in oncology

**Bone & Joint**
Actemra: solid growth towards the 1st choice among biologic agents

**Renal**
Epogin: steady performance based on the established safety and efficacy profile
Oncology Products Update

**Avastin**
- Continued smooth penetration: CRC, NSCLC
  - > 30% YOY sales growth
- Clinical development status
  - CRC (adj), GC: P3

**Xeloda**
- > 60% YOY sales growth driven by the approval of XELOX regimen
- Clinical development status
  - GC: NDA submitted in Sep. 2010 based on evidence in the public domain
Bone&Joint Disease Products Update

Actemra

- Launched in approx. 50 countries
  - Full-scale rollout in three major markets
    - **US**: > 50% rheumatologists prescribed Actemra within 5 months on the market
    - **Japan**: Used as a 1st line biologic agent by approx. 40% of Actemra patients
      - All-patient registration survey lifted in Aug. 2010

- Clinical development Status
  - Subcutaneous injection
    - **Japan**: Started P3 in May 2010
Renal Disease Products Update

**Epogin**
- Sales in dialysis slightly decreased due to competition and NHI price cut revision

**RG744**
- Filed in Jul. 2009 (expected indication: Renal anemia)
- Maintained stable hemoglobin levels with once-monthly administration, a significant reduction in treatment frequency compared with existing drugs
# Financial Overview Jan-Jun

<table>
<thead>
<tr>
<th>(Billion JPY)</th>
<th>Actual (2010 Jan-Jun)</th>
<th>Forecast (Feb. 3)</th>
<th>2008 Jan-Jun</th>
<th>2009 Jan-Jun</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Jan-Jun</td>
<td>Jan-Dec</td>
<td>Full-year prog. (%)</td>
<td>Full-year prog. (%)</td>
</tr>
<tr>
<td>Revenues</td>
<td>182.4</td>
<td>418.5</td>
<td>44.6</td>
<td>44.7</td>
</tr>
<tr>
<td>Sales</td>
<td>180.6</td>
<td>414.0</td>
<td>45.0</td>
<td>44.4</td>
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<tr>
<td>excl. Tamiflu</td>
<td>168.6</td>
<td>375.3</td>
<td>45.7</td>
<td>46.8</td>
</tr>
<tr>
<td>Tamiflu</td>
<td>12.0</td>
<td>38.7</td>
<td>19.0</td>
<td>33.3</td>
</tr>
<tr>
<td>Other Operating Revenues</td>
<td>1.7</td>
<td>4.5</td>
<td>19.6</td>
<td>58.2</td>
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<tr>
<td>Cost of sales</td>
<td>80.5</td>
<td>184.5</td>
<td>44.3</td>
<td>43.5</td>
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<tr>
<td>Gross Profit</td>
<td>101.8</td>
<td>234.0</td>
<td>44.8</td>
<td>45.7</td>
</tr>
<tr>
<td>SG&amp;A (excl. R&amp;D) exp.</td>
<td>47.7</td>
<td>105.0</td>
<td>44.4</td>
<td>46.9</td>
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<tr>
<td>R&amp;D exp.</td>
<td>26.6</td>
<td>59.0</td>
<td>45.5</td>
<td>44.3</td>
</tr>
<tr>
<td>Operating Income</td>
<td>27.6</td>
<td>104.2</td>
<td>44.8</td>
<td>45.0</td>
</tr>
<tr>
<td>as % of Revenues</td>
<td>15.1</td>
<td>16.7</td>
<td>-</td>
<td>-</td>
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<tr>
<td>Recurring Profit</td>
<td>26.2</td>
<td>97.0</td>
<td>42.4</td>
<td>48.1</td>
</tr>
<tr>
<td>Net Income</td>
<td>16.4</td>
<td>98.2</td>
<td>48.1</td>
<td>46.5</td>
</tr>
</tbody>
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Dividend Policy

Policy

Aiming to ensure stable profit for all shareholders and a consolidated dividend payout ratio of around 40% on average, taking account of strategic funding needs and earnings prospects.

- Dividends for FY2009  40JPY : 17 + 17 + 6 (Special dividends)
- Dividends for FY2010 (Forecast)  34JPY : 17 + 17

Dividends payout ratio

× : 5 years average
△ : 5 years average (excl. special dividends)
○ : 3 years average (excl. special dividends)
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